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SUBJECT: ENGAGING IRAQ'S NEIGHBORS ON GOI EFFORTS TO
CONFRONT IRAN AND RECONCILE WITH SUNNIS

REF: A. STATE 35471
1B. BAGHDAD 1007

Classified By: Political Counselor Matt Tueller for reasons 1.4 (b) and
(d)

11. (U) Para 11 contains talking points that addressees may
wish to use in updating the engagement approach laid out in
Refs A and B.

12. (C) Summary: The government of Iraqi PM Nouri al-Maliki
has undertaken significant steps to confront militias and
criminal groups supported by Iran and to reconcile with Sunni
elements. The importance of these actions should not be lost
on key regional governments, particularly those withholding
support for the Iraqi government due to fears of Iranian
influence or the marginalization of Sunnis. This message
provides background and points for use in discussions with
senior-level host country interlocutors on these positive
steps, building upon information provided in reftels. The
aim is to establish an ongoing dialogue with key regional
governments that fills the continuing information gap and
supports USG efforts to gain greater regional acceptance of
and support for the Iraqi government. Embassy Baghdad will
periodically update these messages for posts' use in ongoing
engagements. We would welcome feedback on host government
information gaps we could usefully address. End Summary.

13. (C) Recent Iraqi Security Force (ISF) operations in Basra,
Mosul and Sadr City ordered by Iraqi PM Maliki mark a turning
point in Iraqi politics worth explaining to key regional
governments concerned about Iranian influence in Iraq. The
Basra and Sadr City operations, which targeted Jaysh al-Mahdi
(JAM) militia elements, JAM Special Groups and criminal gangs
associated with, trained and/or financed by Iran, forced PM
Maliki (and much of the Iraqi public) to acknowledge Iran's
negative influence. While Iran remains a key influencer in
Iraq, in particular through its ongoing role as intermediary
between warring Shia elements, the extent of Iran's material
and financial support to groups operating well outside the
mainstream was a shock to PM Maliki and many of his key
advisors. We have seen a noticeable shift in the PM's views
on Iran's role in the aftermath of the Basra and Sadr City
operations.

14. (C) Building on these gains, the PM ordered the ISF into
Mosul in a major operation to confront insurgent activity,
including cross-border AQI infiltration. ISF units involved
in these operations are working closely with Sunni tribal
groups, demonstrating growing cooperation in support of
central government authority throughout Iraq. Weak central

government and lack of capacity among Iraqi security forces are among the factors that enabled a strong Iranian position in Iraq. Both appear to be changing as a result of the recent aggressive ISF operations across the country.

¶5. (C) This is not to suggest that no problems remain. The GOI was faced with disastrous performance of certain Iraqi police units in Basra. Criminal and militia infiltration of the police has been a serious problem that the GOI is currently addressing through reform within the Ministry of Interior. Over the past 12 months, the PM has replaced every police divisional commander throughout Iraq and has dismissed those police officers who sided with Sadrists militias in the Basra fighting.

¶6. (C) The GOI is taking meaningful steps toward reconciliation with Sunni elements, including through integration of individuals associated with the Awakening Councils (AKA "Sahwat" or "Sons of Iraq") into the ISF and Iraqi Police (IP); discussions with former officers of the Iraqi Army to address key concerns regarding pay, legal status and even eventual reinstatement; and establishment of the Implementation and Follow Up Committee for National Reconciliation (IFCNR), a body reporting directly to the office of the Prime Minister to address reconciliation issues more broadly. These initiatives have the direct support of PM Maliki who is simultaneously negotiating a return to his government of the Tawafiq coalition of Sunni political parties. Vice President Tariq Hashemi (Sunni IIP) has just begun a tour of neighboring capitals and we expect him to describe in relatively positive terms a Prime Minister who is increasingly acting in a national capacity.

¶7. (U) The Ministry of Migration (MoM) recently submitted to the Council of Ministers (CoM) a request for additional resources totaling \$195 million to support the return of refugees from neighboring countries, the return of Internally Displaced Persons (IDPs) to their area of origin inside Iraq, as well as assist those IDPs unable to make their way home. Furthermore, the MoM finalized a National Policy on Displacement in May, which has been approved in principle by the CoM. The development of the national policy marks a significant step forward in Iraq's efforts to manage its displacement crisis. The GoI plans to launch its policy on displacement at a National Conference on Displacement (which the MoM and UN are working to schedule in mid July). Planning is underway to implement a comprehensive survey on refugees, IDPs and communities in Iraq that will receive returnees in order to better plan for and support eventual returns of refugees and IDPs.

¶8. (C) Beyond this, Iraq is preparing for provisional elections in late 2008 that will, in many areas, redress the political imbalance caused by the widespread Sunni boycott of the 2005 elections. While new political movements and coalitions (among them groups of the Sunni Awakening Councils) are only now forming, provincial elections are clearly an opportunity for independents and nationalists to demonstrate their relevance to the political process. Many Iraqi voters appear to be growing disenchanted with religious parties, a sentiment that may impact the results of the provincial elections as well as national elections in 2009. The fact that the PM and his political allies are pushing forward on elections planning despite the distinct possibility that the results will diminish their share of power indicates an understanding of the need to broaden political participation via nation-wide local elections as part of the national reconciliation process.

¶9. (C) Finally, it is also worth noting the benefits for neighboring states of expanded trade relations with a growing Iraq. In 2008, Iraq's economy is on pace to reach 7 to 8 percent growth. Improved budget formulation and execution should result in more effective delivery of basic government services, key to the GOI's commitment to follow its security operations with economic and social deliverables. The process of reintegrating Iraq into the regional and

international communities will also contribute to national reconciliation efforts by breaking through current political distrust. Neighbors should look at the economic opportunities Iraq provides while evaluating overall national interests here, just as Iran and Turkey have already done.

¶10. (C) These positive initiatives should resonate with key regional governments that have expressed concern with regard to both Iranian influence and the marginalization of Iraq's Sunnis. S/I Senior Advisor Satterfield's recent visits to Arab capitals revealed a willingness to acknowledge this progress but also the persistence of an information gap regarding the true situation in Iraq. As noted in ref A, the USG is pushing individual Arab governments to engage Iraq in a number of diplomatic fora to demonstrate support for the Iraqi government. Continuing to emphasize these positive steps with appropriate high-level interlocutors may bring us closer to realizing those important objectives. We are not seeking a single conversation with a single recipient but rather an ongoing dialogue with addressee governments and opinion-leaders to shape views positively toward increased engagement with the GOI. Embassy Baghdad will update these messages periodically with relevant information.

¶11. (U) Begin Talking Points:

-- Iraqi PM Maliki's actions to confront militias and criminal gangs linked to Iran mark a significant turn in the GOI's effort to impose effective control throughout Iraq. Iran's direct involvement on the wrong side of these confrontations resulted in widespread anger at this role, not least with PM Maliki and many of his senior advisors.

-- Building on the success of missions in Basra and Sadr City against Iranian-backed Jaysh Al-Mahdi (JAM) Special Groups and criminal gangs, the PM launched new security operations in Mosul to confront insurgent activity, including cross-border AQI infiltration. Iraqi Security Force (ISF)

units involved in these engagements have worked alongside Sunni tribal groups in a demonstration of growing cooperation across communal lines in support of strong central government control.

-- The Iraqi Army (IA) now numbers over 170,000 and is growing in professionalism, capability and confidence as a result of successful operations in the South, Center and North of Iraq. This competent and increasingly well-led force is enabling the central government to extend its authority throughout the country, thereby limiting the opportunities for armed groups such as those supported by Iran to operate.

-- These operations are being followed by the provision of government programs and assistance to reduce the appeal of militia groups that held sway in those areas. The GOI committed \$100 million to Basra reconstruction; \$150 million to Sadr City; and \$100 million to Mosul, and is implementing government service programs aimed at luring individuals away from militias and insurgent activities.

-- Serious challenges remain. The GOI was forced to address criminal and militia infiltration of the Iraqi police and responded with major reform within the Ministry of Interior. Police division commanders have been replaced throughout the country and units that sided with Sadrists militias in the Basra fighting have been dismissed. The effectiveness of the Iraqi Police during the recent Mosul operations was much improved from Basra, with IP units working very closely and successfully with the Iraqi Army.

-- The GOI is taking concrete measures to reconcile with Sunni elements, including the integration of Sunni Awakening Councils to Iraqi Security Forces (ISF) and the Iraqi Police (IP). To date, some 20,000 "Sons of Iraq" have transferred either to the ISF or IP. In addition, the GOI is holding discussions with Sunni former military officers towards possible reintegration of some of these elements. It

established the Implementation and Follow Up Committee for National Reconciliation (IFCNR) to address reconciliation issues more broadly. PM Maliki is also negotiating a return to the Cabinet of ministers representing the Tawafuq coalition of Arab Sunni political parties.

--The GOI plans to dedicate greater financial resources to assist returning refugees and IDPs. The Ministry of Migration requested an additional \$195 million to support returns. The United Nations and various NGOs are stepping up their operations in Iraq to support the return of refugees and IDPs as well as to assist displaced populations unable to return to their areas of origin.

-- Provincial elections scheduled for late 2008 should provide gains for Sunni groups that boycotted the 2005 elections process. The GOI is committed to these elections, despite the prospect that the results could weaken the standing of parties that are currently part of the ruling coalition. This indicates an awareness of the importance of these elections in expanding political participation in Iraq and thereby advancing the process of national reconciliation.

-- As security improves, the opportunity arises for expanded trade ties with Iraq. Iraq's economy is on pace to achieve between 7 and 8 percent growth. Development of Iraq's natural resources will draw in considerable foreign investment and expand the economy even further. The process of reintegrating Iraq into the regional and international communities will also contribute to national reconciliation efforts.

-- Governments concerned about Iran's role in Iraq and the situation of Iraq's Sunni community should take note of and express support for these actions directly to the GOI. Doing so will demonstrate the diplomatic gains that might be achieved by continuing these policies. The absence of such support, on the other hand, reinforces the view that irrespective of the GOI's actions, regional support to counterbalance Iran will not be forthcoming.

End talking points.
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